



# **FY05 Authorization and Appropriations Bills**

## **Procurement & Acquisition Issues**



# Things We Asked For

- **Extension of Authority to Use Simplified Acquisition Procedures** - Clinger-Cohen Act authority extended for the acquisition of certain commercial items
- **Approval of Other Than Competitive Procedures** - authority increased from \$50 million to \$75 million for senior procurement executive of an agency
- **Special Emergency Procurement Authority** - simplified acquisition threshold for procurements outside the U.S. increased from \$500,000 to \$1.0 million and micro-purchase threshold increased from \$15,000 to \$25,000 to support contingency operations and specified national emergencies
- **Inflation Adjustment of Acquisition Thresholds** - adjustment every five years



# Congressional Guidance

- **Multi-Year Procurement of 100 Tankers** - authorizes multi-year procurement of 100 tankers; but prohibits lease - requires integrated support be competed - denies Air Force request to retire up to 40 KC-135E tankers
- **Rapid Acquisition Authority to Respond to Combat Emergencies** - facilitates rapid acquisition and deployment of equipment needed to eliminate a combat capability deficiency that has resulted in combat fatalities
- **Truth in Negotiations Act (TINA)** - requires contractors to certify cost or pricing data on non-commercial modifications of a commercial item that are expected to cost more than \$500 million or 5% of the total price of the contract, whichever is greater
- **Internal Controls for DoD Procurements** - directs the DoD and GSA Inspector Generals to review adequacy of current procedures and requires establishment of procedures to procure goods or services through a contract entered into by an agency outside the DoD



# Other Good News

- **Study requested of the roles and authorities of the Director of Defense Research and Engineering** - include recommendations on appropriate roles and authorities assigned and resources provided
- **Science, Mathematics, And Research For Transformation (SMART) Defense Scholarship Pilot Program** - pilot program to provide financial assistance for education in science, mathematics, engineering, and technology skills and disciplines critical to the national security functions of DoD



# House or Senate Provisions Excluded from the Act Signed by the President

- **Trade Reciprocity** - prohibited procurement of articles or services if the country requires offsets from U.S. suppliers
- **Domestic Preferences** - increased restrictions for Berry Amendment and Freight Forwarding services and made U.S. jobs creation a source selection criterion or a basis to exclude certain sources from competition
- **Export Controls** - trade restrictions undermined interoperability with our allies and severely damaged our ability to administer export control programs for munitions and dual-use goods and technologies
- **Defense Acquisition Workforce Strength** - the House reduced while the Senate increased the acquisition workforce – result was no change

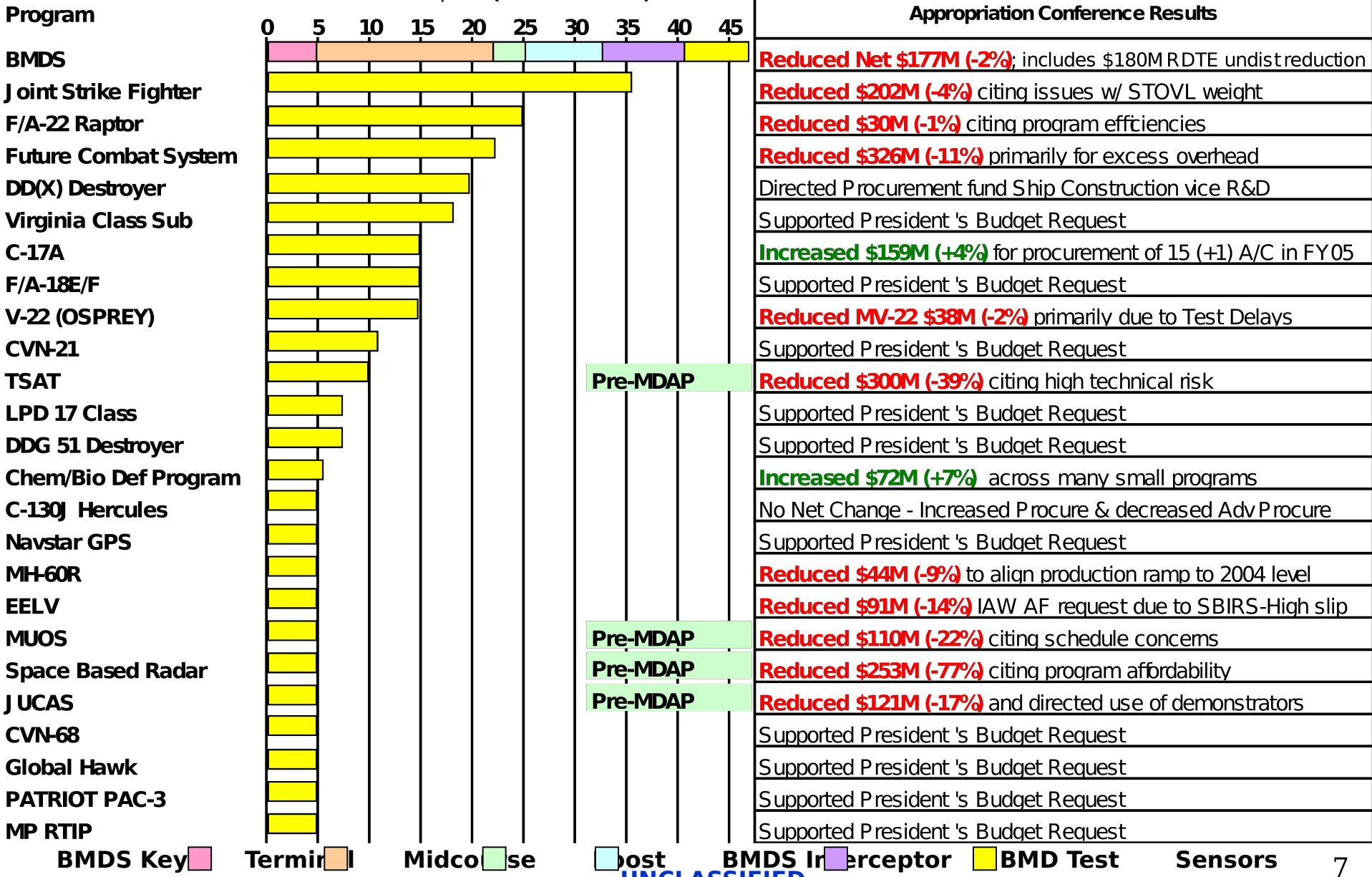




# Backup Slides

# Significant Congressional Marks (FY05)

TY\$B (FY05-09)





# Missile Defense

- **Net reduction of \$223M from about \$10B**
  - Significant cut to the Kinetic Energy Interceptor (KEI) program -- critical boost phase effort that fills a gap in our capability
  - System integration continues to be cut -- will eventually hurt the overall system performance
- **Congress increased funding for Ground Missile Defense -- keeping the program on track**

Program		Budget Request	Conference	Delta
<b>BMDS Interceptors</b>	511.3	348.2	-163.0	
<b>BMDS Products</b>	418.6	405.1	-13.5	
<b>BMDS Core</b>	479.8	405.8	-74.0	
<b>Headquarters Management</b>	141.9	116.9	-25.0	
<b>Advanced Concepts, Eval &amp; Sys</b>	<u>256.2</u>	<u>231.2</u>	<u>-25.0</u>	
	1,807.8	1,507.2	-300.5	





# High Mobility Multi-Purpose Vehicles

- **Up-Armored High Mobility Multi-Purpose Wheeled Vehicles and Wheeled Vehicle Ballistic Add-On Armor Protection** - \$572 million for uparmored variants of the High Mobility Multi-purpose Wheeled Vehicle; in addition, \$100 million for wheeled vehicle ballistic bolt on armor
  - Regarding the progress in up-armoring vehicles
  - Funded a ramp-up in production this fiscal year to increase production of Up-armored HMMWVs (UAHs) from 220/month to 450/month
  - Production, plus redistribution of UAHs on hand, will meet the current CENTCOM requirement of 8,105 by April 2005.
  - Over 5,000 units received in-theater September 30, 2004
  - Army requirement to provide add-on armor kits for over 26,000 vehicles - as of September 30, 2004, 9,800 add-on armor kits provided for installation with all 26,000 kits slated for completion August 2005



# Other Item of Interest

- **Science & Technology**
  - Presidents Budget request: \$10.55B;
  - Appropriation & Authorization bills: \$11.19B,  
an increase of \$641M
- **HUBZone and Service-disabled veteran concerns were added to the Mentor-Protégé program**
- **Mentor Protégé program extended from September 2005 until September 2008**



# Special Interest Procurement and R&D Issues

## Procurement

- **JSTARS Reengining** - encourage SecDef to reevaluate the decision to maintain the current engines in the JSTARS fleet
- **Halvorsen loaders** - encourage AF to continue to modernize its MHE, to include planning and funding for the Halvorsen 25K loaders

## R&D

- **DoD-NASA coordination** - support Aeronautics facilities & hypersonic technologies
- **Enterprise Resource Planning for Army Combat Logistics** - leverage Global Combat Support System
- **Patriot Air & Missile Defense System** - address EMI problems
- **Russian-American missile defense cooperation** - leverage RAMOS & work w/Russian Federation on joint missile defense program as soon as possible